



School District No .27 Cariboo-Chilcotin

Financial Statement Discussion and Analysis For the Year Ended June 30, 2022

Financial Statement Discussion & Analysis



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Financial Statement Discussion & Analysis



INTRODUCTION

The following Financial Statement and Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended June 30,2022.

The purpose of this report is to provide readers with a better understanding of the school district's financial statements and to access the overall financial condition of the district.



DISTRICT OVERVIEW

School District No. 27 (Cariboo-Chilcotin) is proud to care for approximately 4600 students from Kindergarten to Grade 12 in 24 schools. We are a large geographic area roughly the size of New Brunswick in the beautiful interior of BC. The school district supports approximately 1400 Indigenous learners, as off-reserve, Métis, Inuit and community-based learners from 12 communities, which include Tsideldel First Nation (Alexis Creek Band), Tl'etinqox Government (Anaham Band), Yunesit'in Government (Stone Band), Tl'esqox (Toosey Band), Xení Gwet'in First Nation (Nemiah Valley), ?Esdilagh (Alexandria Band), Tsq'escen' (Canim Lake Band), Stswecem'c/Xget'tem (Canoe Cree/Dog Creek Band), Esk'etemc First Nation (Alkali Lake), Xats'ull (Soda Creek First Nation), T'exelc (Williams Lake First Nation) and Ulkatchot'en (Ulkatcho First Nation).

School District No.27 continues to engage with the communities we serve and strives to increase collaboration, communication, and capacity through ongoing efforts of the Board of Education, Senior Team, School Leadership, teachers, support staff and other community partners/agencies.

School District No. 27 has been engaged in a comprehensive review and rebuilding of all systems, structures, and practices following the appointment by the Ministry of Education of a Special Advisor in 2018. We have a largely new Board of Education and an entirely new senior leadership team with a wealth of experience from other districts. All efforts are laser focused on enhancing student learning and outcomes. The district is undertaking massive and rapid change toward achieving our goals.





STRATEGIC FRAMEWORK

Mission Statement

Ensuring all students have meaningful learning experiences, empowering them to succeed in an ever-changing world.

School District Vision

We envision an encouraging and understanding learning environment where everyone demonstrates a sense of belonging, mastery, independence, and generosity.

Core Operating Values

The Pillars of Support for the School District No. 27 Mission and Vision are characterized by the following four core operating values:

RESPECT

RESPONSIBILITY

KINDNESS AND CARING

ACCEPTANCE

Key Focus Areas for Growth



Seven key focus areas for growth in our district emerged from review of student achievement and school experience data, reflections on the findings and recommendations of the Equity Scan, stakeholder and community input, and examination of our internal processes and practices. These are collective responsibility, instructional capacity, leadership capacity, systems thinking, indigenous learning and culture, inclusive learning communities, and place-based learning. These are high leverage improvement areas that will make a difference across our district and remain priorities in this second year of our plan.

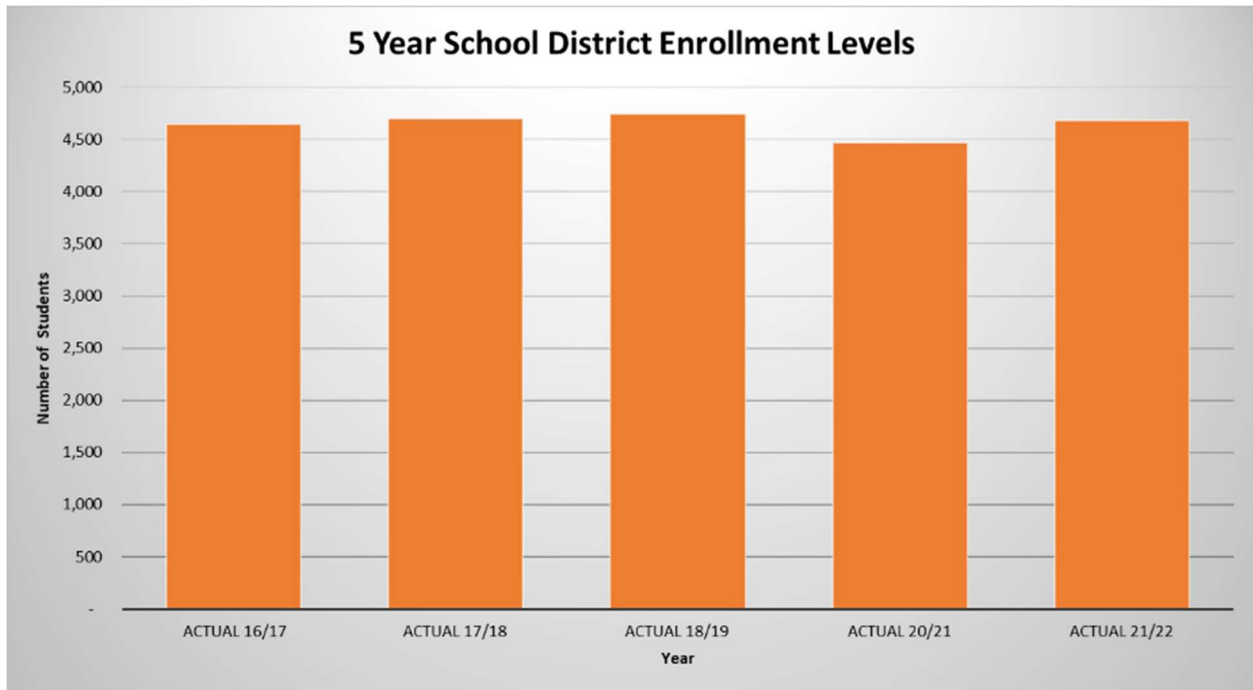
Our approach is to build capacity in our staff, systems, and infrastructure so we can engage in more effective practices and, as a result of those better ways of doing things, students will have enhanced experiences and services and their outcomes will improve. We have specific action planned around each focus and are regularly reviewing progress.

Financial Statement Discussion & Analysis



ENROLLMENT

Student enrollment represents the key component for determining both the operating revenue and staffing costs for the district. Over the last 5 years enrollment has been relatively stable with a slight dip in the 20/21 year mainly because of the COVID-19 pandemic.



The majority of school funding comes from the Ministry of Education, the funding levels are determined based on student enrollment on a Full Time Equivalent (FTE) basis.

Financial Statement Discussion & Analysis



FINANCIAL HIGHLIGHTS

School District 27 had a very busy year upgrading some of our systems and working through the implementation of the changes.

Some of the main financial highlights of the year were as follows:

SD27 underwent an extensive re-implementation of HR and Payroll systems. This was the first systems update in 30 years. Changes will create efficiencies in processes, people, and financial flow. This update



has also been in conjunction with better processes with regards to staffing and planning, creating better alignment of services and increased financial flexibility and performance. Included in the systems change was the implementation of the purchasing modules to add a Purchase Order system. These changes improved controls, created efficiencies, and enhanced security.

The system improvements have allowed for more supports to be directed to core areas of the strategic plan:

- Instructional Capacity (robust learning series)
 - Mentorship and recruitment
- Leadership Capacity (development)

These focus areas also directly impact others (Indigenous Language and Culture, Placed Based Learning).

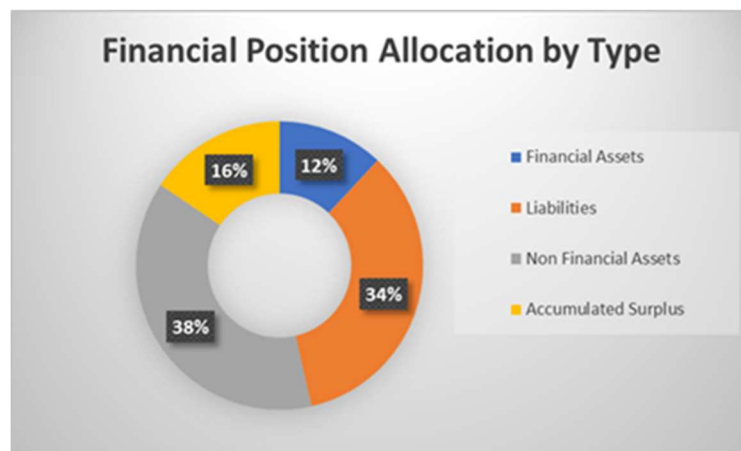
Moreover, the improved planning and financial performance has also enabled the district to increase surplus allocations to local capital to begin the necessary improvements to facilities.

Financial Statement Discussion & Analysis



STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position represents a snapshot of the overall assets and liabilities of the district at the end of the fiscal year. It outlines the year over year comparison of the net financial position for the fiscal years ending June 30, 2022, and June 30, 2021.



The largest item on the balance sheet is the Non-Financial Assets like Tangible Capital Assets, Prepaids and Supply Inventories.

Liabilities also make up a large component of the balance sheet they represent payments owing such as A/P or Deferred Revenues.

Assets account for the smallest percent and are usually made up of Cash.

The last item is the Accumulated Surplus amount which represents the Overall Surplus or Deficit of the District. At the end of June 30, 2022, the district was had a total surplus of \$27.0 million dollars.

The Assets were slightly lower in the current year with lower cash holdings at the end of the year.

Liabilities were also lower by \$1.2 million dollars in the current year.

Statement of Financial Position
As at June 30, 2022

	2022 Actual	2021 Actual (Restated - Note 21)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	19,115,831	20,275,433
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	532,856	17,530
Due from First Nations	490,736	557,758
Other (Note 3)	681,910	300,772
Portfolio Investments	467	-
Total Financial Assets	20,821,800	21,151,493
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education and Child Care	-	1,186,627
Other (Note 4)	4,045,880	5,914,045
Unearned Revenue (Note 5)	2,800	2,800
Deferred Revenue (Note 6)	2,334,586	1,703,722
Deferred Capital Revenue (Note 7)	49,948,151	49,431,937
Employee Future Benefits (Note 8)	2,538,674	2,546,405
Capital Lease Obligations (Note 9)	581,990	-
Other Liabilities	386,365	323,455
Total Liabilities	59,838,446	61,108,991
Net Debt	(39,016,646)	(39,957,498)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	65,926,267	65,512,367
Restricted Assets (Endowments) (Note 12)	15,000	15,000
Prepaid Expenses	96,205	135,644
Supplies Inventory	7,172	8,567
Total Non-Financial Assets	66,044,644	65,671,578
Accumulated Surplus (Deficit) (Note 20)	27,027,998	25,714,080

Non-Financial Assets increased by \$373,000 dollars. The Accumulated Surplus Increased by \$1.3 million dollars in the year which is a positive indicator.

Financial Statement Discussion & Analysis



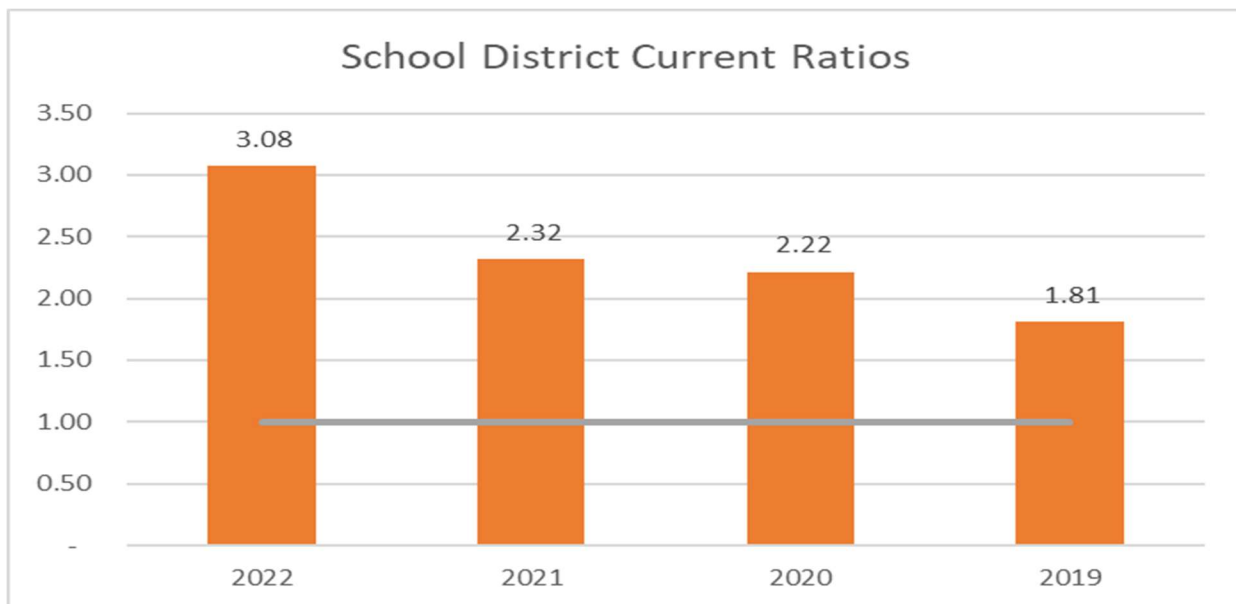
STATEMENT OF FINANCIAL POSITION

One measure of financial health of an entity is to calculate and evaluate the Current Ratio of the District.

This measure is calculated by dividing the Current Assets by the Current Liabilities on the Statement of Financial Position. This ratio is a good measure of the liquidity of the District. The ratio identifies if there are enough current assets on hand to cover the current liabilities in the short term. A Current Ratio greater than 1 represents that there is adequate coverage of assets to meet these liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The district is in good shape with regards to our liquidity with a high current ratio of over 3. Generally, a ratio number under 1 might be cause for concern if it persists over a series of years. A ratio under 1 would indicate the district might have difficulty covering its immediate liabilities and may need to use debt to pay cover them.

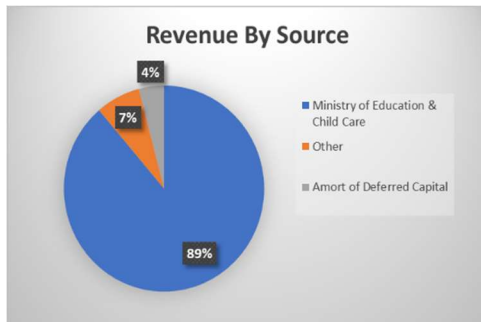


Financial Statement Discussion & Analysis



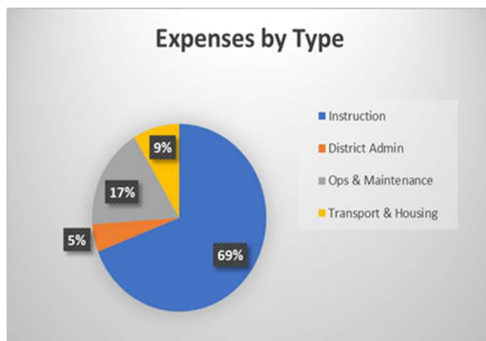
STATEMENT OF OPERATIONS - OPERATING FUND

The Statement of Operating Operations represents the day-to-day operating costs of the district for the year.



Most of the Revenue is derived from the Ministry of Education and Child Care representing 89% of the total operating revenue for the year. Other revenues are 7% and only 4% is Deferred Capital Amortization.

Most of the Expenses were related to Instruction at 69%. Operations and Maintenance account for 17% of the total costs with Transportation and Housing representing 9%. Finally, District Administration makes up the remaining 5%.



Overall revenues were down in the 21/22 year vs last year by \$176,000 dollars.

Overall expenses were slightly lower as well in 21/22 resulting in an Operating surplus of \$2.183 million dollars.

The district finished the year with a surplus which increases the surplus from last year by \$1.86 million dollars after transfers.

This surplus position in the Operating fund is a positive position for the district to be in.

Schedule of Operating Operations
Year Ended June 30, 2022

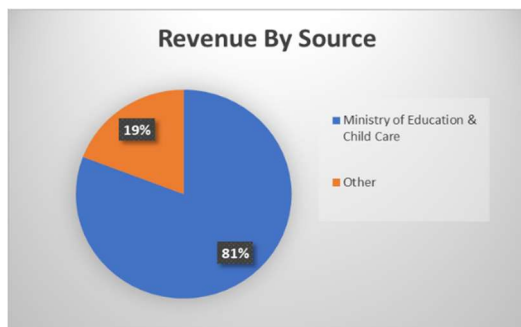
	2022 Budget (Note 17)	2022 Actual	2021 Actual (Restated - Note 21)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	54,153,309	53,810,083	54,282,197
Other	20,000	95,910	20,000
Tuition		33,183	11,950
Other Revenue	2,732,499	3,010,729	2,855,543
Rentals and Leases	100,000	116,352	91,872
Investment Income	100,000	156,541	136,907
Total Revenue	57,105,808	57,222,798	57,398,469
Expenses			
Instruction	39,515,119	38,805,833	39,206,854
District Administration	2,457,278	3,145,983	3,217,365
Operations and Maintenance	8,652,326	8,450,857	8,360,331
Transportation and Housing	5,096,439	4,637,327	4,295,547
Total Expense	55,721,162	55,040,000	55,080,097
Operating Surplus (Deficit) for the year	1,384,646	2,182,798	2,318,372
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased			(323,464)
Local Capital	(1,384,646)		(2,019,638)
Other		(322,082)	
Total Net Transfers	(1,384,646)	(322,082)	(2,343,102)
Total Operating Surplus (Deficit), for the year	-	1,860,716	(24,730)
Operating Surplus (Deficit), beginning of year		4,921,797	4,946,527
Operating Surplus (Deficit), end of year		6,782,513	4,921,797
Operating Surplus (Deficit), end of year			
Internally Restricted		2,273,004	2,379,092
Unrestricted		4,509,509	2,542,705
Total Operating Surplus (Deficit), end of year		6,782,513	4,921,797

Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS - SPECIAL PURPOSE FUNDS

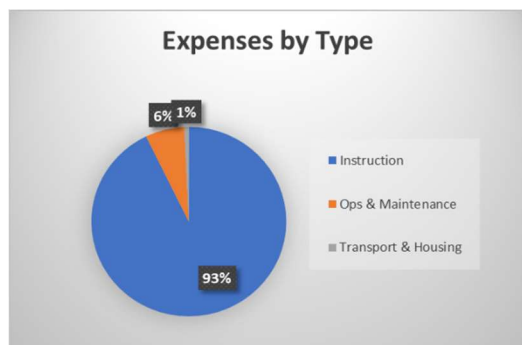
Special Purpose Funds are funds received by the district and are designated for a specific use. The district gets the funds from both provincial and federal governments and from other sources. School



funds are included in other sources, they include fundraising for school purposes as well as funds collected and paid out through school accounts in support of school-based programs.

The Ministry of Education and Child Care make up 81% of the Special Purpose Funds revenues.

Within the Special Purpose Funds Expenses Instructional costs continue to make up most of the costs at 93% followed by Operations and Maintenance with 6%. Lastly Transportation and housing is 1%.



Special Purpose Funds do not run surpluses or deficits as they operate on a set amount of funding for each project. These revenues get used up as the expenditures are spent on that specific program. The deferred revenues sit on the Statement of Financial Position until the expenses are spent, at this time they are recognized.

Schedule of Special Purpose Operations
Year Ended June 30, 2022

	2022 Budget (Note 17)	2022 Actual	2021 Actual (Restated - Note 21)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	6,697,996	6,021,800	8,051,877
Other	280,873	198,302	186,779
Other Revenue	910,856	1,232,420	871,898
Investment Income	300	600	718
Total Revenue	7,890,025	7,453,122	9,111,272
Expenses			
Instruction	7,181,786	6,888,860	7,989,299
Operations and Maintenance	539,513	480,673	311,750
Transportation and Housing	168,726	55,733	
Total Expense	7,890,025	7,425,266	8,301,049
Special Purpose Surplus (Deficit) for the year	-	27,856	810,223
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(27,856)	(810,223)
Total Net Transfers	-	(27,856)	(810,223)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year		15,000	15,000
Special Purpose Surplus (Deficit), end of year		15,000	15,000
Special Purpose Surplus (Deficit), end of year			
Endowment Contributions		15,000	15,000
Total Special Purpose Surplus (Deficit), end of year		15,000	15,000

Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS – CAPITAL FUNDS

Each year the district spends capital on various projects to renew or replace various assets across the district, they can range from school renovations (siding, lighting, sidewalks, painting) and playgrounds to bus replacements and new computers. The School District spent just over \$4.0 million dollars on capital projects in the year plus completed some Work in Progress projects worth \$684,000 dollars.

Below is a summary of some of the larger projects completed in the district in the 21/22 Year.

Capital Project Summary 21/22	
Description	Schools
Flooring Replacement	Multiple Schools
Sidewalks Replacements	Mountview/ Marie Sharpe
Washroom Upgrades	Nesika/ Horse Lake
Exterior Siding	Naghtaneqed
Water Treatment Systems	Multiple Schools
Painting	Tatla Lake
Exterior Solar Blinds	Lake City Secondary
HVAC Mechanical Upgrades	Multiple Schools
Site Drainage Upgrades	Mountview / Horse Lake
Security System Upgrades	Multiple Schools
Outdoor Learning Structures	Multiple Schools
Generator Upgrade	Naghtaneqed
3 Replacement Buses	Transportation Fleet
Playground	Dog Creek
Switch Gear Upgrade	PSO
LED Light Upgrades	Multiple Schools
Roof Replacement	150 Mile Elementary
Computer Upgrades (Lease)	Multiple Schools



Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS - CAPITAL FUNDS

The district executed their capital plan well in the 21/22 year completing many projects. Updating and upgrading various district assets has become a priority and we see this trend continuing as some of the schools are starting to become older. In looking at our Tangible Capital Assets we notice that in 21/22 we were able to increase the net book value of our assets to \$65.9 million dollars. This is an increase of \$414,000 dollars. This is a good sign which indicates we are continuously updating our assets at a faster rate than they are depreciating, in order to keep them in good operating condition.

In 21/22 the district had to apply a one-time Prior Period Adjustment to retroactively apply the half year amortization rule to existing assets. This one-time item impacted our depreciation by \$1.75 million dollars in the year.



Tangible Capital Assets
Year Ended June 30, 2022

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	7,076,345	114,877,444	1,552,344	7,987,901	118,051	901,396	132,513,481
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,334,118		439,341		51,147	2,824,606
Special Purpose Funds		27,856					27,856
Local Capital		39,499	100,879	137,917	13,178		291,473
Capital Lease						899,217	899,217
Transferred from Work in Progress		683,861					683,861
	-	3,085,334	100,879	577,258	13,178	950,364	4,727,013
Decrease:							
Deemed Disposals			210,910	43,168	9,144	65,879	329,101
	-	-	210,910	43,168	9,144	65,879	329,101
Cost, end of year	7,076,345	117,962,778	1,442,313	8,521,991	122,085	1,785,881	136,911,393
Work in Progress, end of year							-
Cost and Work in Progress, end of year	7,076,345	117,962,778	1,442,313	8,521,991	122,085	1,785,881	136,911,393
Accumulated Amortization, beginning of year							
Prior Period Adjustments		61,193,531	827,989	3,485,696	43,964	388,712	65,939,892
Half Year Amortization PPA		1,166,130	77,616	399,390	11,806	90,140	1,745,082
Accumulated Amortization, beginning of year, as restated		62,359,661	905,605	3,885,086	55,770	478,852	67,684,974
Changes for the Year							
Increase: Amortization for the Year		2,361,284	149,733	825,494	24,014	268,728	3,629,253
Decrease:							
Deemed Disposals			210,910	43,168	9,144	65,879	329,101
			210,910	43,168	9,144	65,879	329,101
Accumulated Amortization, end of year		64,720,945	844,428	4,667,412	70,640	681,701	70,985,126
Tangible Capital Assets - Net	7,076,345	53,241,833	597,885	3,854,579	51,445	1,104,180	65,926,267

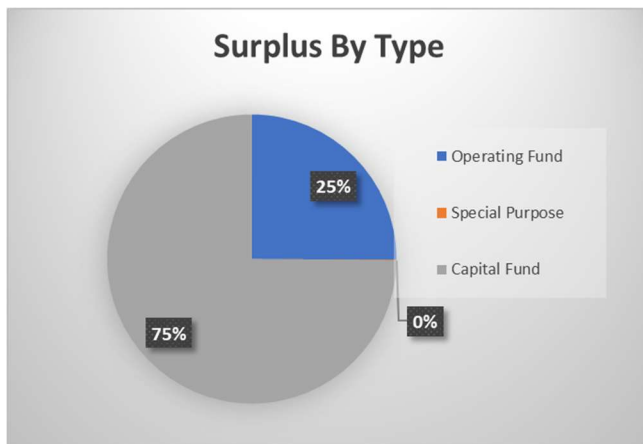
The overall age of the Tangible Capital Assets are a bit on the high side compared to most districts. There is going to be a concerted effort to within the district to prioritize building assets for capital projects as the assets are beginning to increase in age.

Financial Statement Discussion & Analysis



ACCUMULATED SURPLUS (DEFICIT)

The accumulated surplus is the combined year over year total Surplus or Deficit that the district maintains. Last year the School District reported a Net Surplus of \$1.86 million dollars. This tops up the pre-existing \$4.92 million dollars to \$6.78 million dollars in the Operating Funds Surplus. Some of these funds are earmarked for some specific programs and can only be spent on those ones. The unrestricted funds are available for various uses.



As you can see to the left the Operating Fund Surplus only makes up 25% of the total Accumulated Surplus, and of that some of those funds are restricted. The Special Purpose Fund Surplus also have conditions tied to their use so they are restricted as well. The Capital Fund Surplus are tied the specific capital projects and Local Capital Projects which also have limitations on them.

Overall, the School District is maintaining an adequate Surplus balance and is in a good position. They are not in a deficit position which means they are not required to use debt to fund any projects or programs. The School District has been purposely moving surplus funds to local capital to allow for better response to historically deferred items of need.

	2022	2021 (Restated - Note 21)
Operating Fund		
Internally restricted:		
School budget balances	\$333,396	\$363,315
Department budget balances	-	128,457
Contingency reserve	1,500,000	1,500,000
Aboriginal Education commitments	439,608	387,320
Unrestricted	4,509,509	2,542,705
Operating Funds	<u>6,782,513</u>	<u>4,921,797</u>
Special Purpose Funds	<u>15,000</u>	<u>15,000</u>
Capital Fund		
Invested in tangible capital assets	15,753,401	17,500,198
Transfer to local capital	1,200,000	2,000,000
Internally restricted for future capital asset purchases	3,277,084	1,277,085
	<u>20,230,485</u>	<u>20,777,283</u>
Total Accumulated Surplus	<u>\$27,027,998</u>	<u>\$25,714,080</u>

Financial Statement Discussion & Analysis



FUTURE RISKS

One of the future changes to the financial reporting involves reporting on Asset Retirement Obligations (PS 3280) this will establish a standard for recognition, measurement, presentation and disclosure of any legal obligations due to the retirement of a tangible capital assets.

The standard requires recognition of a liability if the following exists:

- a) A legal obligation to incur retirement costs in relation to a tangible capital asset
- b) A past transaction or event giving rise to the liability has occurred
- c) It is expected that future economic benefits will be given up
- d) A reasonable estimate of the amount can be made.

A modified retroactive application has been recommended by the Government pending approval. The district is in the process of assessing the impact of adopting this standard on the School Districts financial results.



CONTACTING MANAGEMENT

This financial report is designed to provide the School Districts stakeholders with a general but more detailed overview of the School Districts finances and to demonstrate increased accountability for the public funds received by the School District.

If you have any questions about this financial report, please contact the Secretary-Treasurer at the district office or you can visit the School District Website <https://www.sd27.bc.ca/>

